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PROBLEMS BEFORE THE WORLD ECONOMIC CONFERENCE

by

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with the aid of the Research Staff of the Foreign Policy Association

THE opening of the World Monetary and Economic Conference at London on June 12 marks the beginning of a new phase in the struggle against the depression which has engulfed the entire world during the past three and a half years. The first period was characterized by reliance on national action alone. Each country sought vainly to protect itself by domestic legislation against the effect of the world-wide decline in prices and the general stagnation of business activity. Finding, however, that these measures have for the most part served only to intensify the crisis, the nations have gradually begun to consider the possibility of an international attack. Although the need for such action had long been apparent, the initial impetus seems to have been provided by the report of the Young Plan Advisory Committee at Basle, December 23, 1931:

> "But the problem has assumed a world-wide range. We can recall no previous parallel in times of peace to the dislocation which is taking place and may involve a profound change in the economic relations of nations to one another. Action is most urgently needed in a much wider field than that of Germany alone.
>
> "The interdependence of the various countries of the world needs no further proof; recent years have most strikingly illustrated it. . .
>
> "We appeal to governments upon whom the responsibility for action rests to permit of no delay in coming to decision which will bring amelioration of this grave crisis which weighs so heavily on all alike."[1]

The challenge contained in this report was accepted by the leading governments in a *communiqué* issued on February 13, 1932, summoning a conference to meet in June at Lausanne to deal with reparation and "the measures necessary to solve the other economic and financial difficulties which are responsible for and may prolong the present world crisis."[2] The original plan for including general economic problems in the agenda of this conference was shattered, however, when the United States, fearing it might become involved in a discussion of reparation and war debts, refused to send delegates to Lausanne. This obstacle was finally surmounted by the British government, which proposed that the United States be invited to a second conference, to be held in London, at which general economic problems would be examined. American acceptance of this plan was prompt but cautious. On May 31, 1932 the United States announced that it would participate in an international economic conference at London "for the purpose of considering methods to stabilize world commodity prices," on the understanding that war debts, reparation and disarmament would not be discussed.[3] An additional reservation was made on the following day, when it was reported that, although the United States was willing to consider the problems of tariffs in general terms, its delegates would not be empowered to discuss specific rates.[4]

The Lausanne Conference, faced with the prospect of American cooperation at a subsequent gathering, did not attempt to deal with the broader problems of world recovery except to draw up an outline of the main questions which it believed should be examined by the proposed World Monetary and Financial Conference.[5] It did, however, take steps to organize a Preparatory Commission of Experts which was entrusted with the task of making a preliminary examination of these issues.[6] This commission held two sessions. The first, which met at Geneva from October 31 to November 9, revealed such a divergence in national opinion that even preliminary agreement on the chief issues seemed impossible. The second session —which opened on January 9—proved more fruitful. General agreement was reached regarding the formulation of the outstanding questions, and a draft agenda[7] for the conference was issued on January 19.

But even after publication of this agenda, there was no certainty that the conference

1. *Report of the Special Advisory Committee convened under the Agreement with Germany concluded at The Hague on January 20, 1930*, Basle, December 23, 1931 (London, H. M. Stationery Office, 1932), Cmd. 3995, p. 16.

2. For details, cf. Mildred S. Wertheimer, "The Lausanne Reparation Settlement," *Foreign Policy Reports*, Vol. VIII, No. 19, November 23, 1932.

3. Cf. Department of State, *Press Releases*, June 4, 1932, p. 545.

4. Cf. *New York Times*, June 2 and 3, 1932.

5. Cf. *Final Act of the Lausanne Conference*, Lausanne, July 9, 1932 (London, H. M. Stationery Office, 1932), Cmd. 4126, p. 15.

6. Invitations were extended to the governments of Germany, Belgium, France, the United Kingdom, Italy and Japan—all members of the League—to appoint two experts on this commission; the United States was invited to be represented on the same basis. The League of Nations was asked to nominate three additional members, and the Bank of International Settlements was asked to name two experts to participate in the Sub-Committee on Financial Questions. (*Ibid.*, p. 15-16.)

7. League of Nations, *Draft Annotated Agenda*, Monetary and Economic Conference (Geneva, 1933), C.48.M.18.1933.II.

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would be held. No definite date had yet been set, despite the fact that the world economic and political situation was rapidly becoming more critical. The possibility of action was further delayed by the banking crisis in the United States which absorbed the entire attention of the new Administration during its first few weeks in office. The outlook was suddenly brightened on April 5, however, by the announcement that President Roosevelt had invited Prime Minister MacDonald to participate in a preliminary discussion of world economic problems at Washington in the latter part of April.[8] On receipt of Mr. MacDonald's acceptance, the governments of eight other major powers were also asked to send special representatives to Washington, and a few days later the invitation was broadened to include all of the nations which are to participate in the London conference.[9]

These preliminary conversations opened on April 21 with the arrival of Mr. MacDonald. The French representative, M. Herriot, followed on April 23, and Prime Minister Bennett of Canada reached Washington on the next day. Although the discussions were of a preparatory nature which did not permit of definite agreements, it was reported that the respective governments "were looking with a like purpose and a close similarity of method at the main objectives of the conference."[10] In addition to a somewhat indefinite understanding regarding economic policy, substantial progress appears to have been made in the political field. The questions of disarmament and security were frankly considered in their relation to the economic conference, and the close connection between political and economic problems fully recognized. The success of the conversations was attested by the fact that on April 29 the organizing committee, meeting in London, fixed June 12 as the date for opening the world economic conference.

NEED FOR THE CONFERENCE

The events of the twelve months which have elapsed since the conference was first proposed have served to emphasize the need for action if further economic collapse is to be averted. Although a temporary improvement in business conditions took place in the late summer and early fall of 1932, it was followed by a sharp relapse which carried the indices of world economic activity to new low levels in the early months of 1933. The total value of international trade in 1932 was 34 per cent less than in the previous year, and more than 60 per cent under 1929.

8. Cf. *New York Times*, April 6, 1933.
9. Invitations were extended on April 7 to Italy, Germany, France, Japan, China, Argentina, Brazil and Chile. Canada and Mexico were invited on the following day, and forty-two additional invitations were sent on April 13.
10. Joint statement issued by President Roosevelt and Prime Minister MacDonald, April 26, 1933 (*New York Times*, April 27, 1933); cf. also joint statement issued by Mr. Roosevelt and M. Herriot (*ibid.*, April 29, 1933).

Total Value of World Trade[11]
(Imports and Exports Combined)

Year	*Value*	*Change from Previous Year*
1913	$41,662,000,000	....
1928	67,135,000,000	....
1929	68,290,000,000	+1.5%
1930	54,921,000,000	− 20%
1931	39,597,000,000	− 28%
1932	26,160,000,000	− 34%
1933 (1st quarter)	5,381,000,000	− 17%

In physical volume the reduction in trade during 1932 was 26 per cent—which was much greater than in any previous year of the depression.[12] Preliminary statistics for the first few months of 1933 indicate that this decline has not yet been checked.[13] General production and unemployment figures also reveal an additional curtailment of business activity throughout the world.[14]

World Unemployment in February 1932 and 1933[1]

Country	*Percentage Unemployed* 1932	1933	*Number of Registered Unemployed* 1932	1933
Czechoslovakia	13.5[2]	20.7[2]	554,059	918,334
Austria	29.0	32.1	426,698	480,063
Germany	44.1[2]	47.4[2]	6,128,429	6,000,958[4]
Denmark	35.9	42.8	147,735	189,805
Belgium	21.0	21.0[3]	168,676	201,305
Italy	......	......	1,006,442	1,229,387
Netherlands	32.7	38.0[3]	272,283	385,542[3]
Poland	16.3 / 29.7[3]	13.2 / 35.8[3]	350,145	280,044[3,4]
Sweden	22.8	29.0	82,235	138,131
United Kingdom	22.1	22.8	2,846,395	2,914,914
United States[5]	23.0[2] / 32.2[3]	26.0[2] / 41.0[3]	8,300,000	12,988,000
Total for 11 Countries			20,283,097	25,726,483

1. *International Labour Review*, Vol. XXVII, Nos. 4 and 5, April and May 1933.
2. Trade union members only.
3. Based on statistics of employment, employers' returns: United States, 1923-1925=100; Poland, 1927=100.
4. The decline in the number of unemployed in Germany and Poland, in the face of an increase in the percentage of jobless, is at least partially attributed to changes in the regulations affecting registration.
5. United States figures are estimates of the American Federation of Labor. Revised figures for March 1933 show a total of 13,360,000, a gain of 67 per cent over the previous year, while April shows less than seasonal improvement. Other private estimates are from two to three million higher. (Cf. *New York Times*, February 29, March 28, 1932; and April 1, 5 and May 13, 1933.)

Moreover, the problem of meeting international obligations, as well as domestic debts, has been rendered more serious by the continued decline of commodity prices. World trade prices, as distinguished from local prices, averaged about 10 per cent lower in

11. Sources: *Commerce Yearbook, 1932*, Vol. II, p. 722-24, and *Commerce Reports*, April 8, 1933, p. 211.
12. For complete statistics on world trade for 1932, cf. J. J. Kral, "International Trade for 1932," *Commerce Reports*, April 8, 1933.
13. World trade for January 1933 totalled $1,790,000,000—a decline of 15 per cent from the previous year. (*Monthly Bulletin of Statistics*, League of Nations, Vol. XIV, No. 3, March 1933, p. 104-5.) For the first four months of 1933, United States trade declined 20 per cent from that of the corresponding period of 1932. (Cf. *New York Times*, May 18, 1933.) For British and German figures, cf. *ibid.*, May 15 and 17, 1933.
14. The indices of production for January 1933 in various countries was as follows: (1928=100) United States, 57.7; Austria, 60.6; Canada, 52.8; France, 78.0; Germany, 62.2; Poland, 46.8; Sweden, 82.7. The corresponding figures for January 1932 were: United States, 64.9; Austria, 71.2; Canada, 67.9; France, 82.7; Germany, 61.9; Poland, 51.8; Sweden, 93.3. (*Monthly Bulletin of Statistics*, cited, March 1933.)

1932 than in 1931,[15] while the decline in wages and income of the various countries of the world persisted unchecked. By 1933 wholesale commodity prices had dropped approximately one third in terms of gold since October 1929, and the prices of raw materials had fallen by more than one half.[16] Since there has been no corresponding reduction in the money value of indebtedness, the burden of existing obligations in terms of goods and services has materially increased. This burden has been felt particularly in the international sphere because of the difficulty of transferring payments from debtor to creditor countries.[17] Some conception of the magnitude of the problem may be obtained from the fact that the total interest and dividend payments due the seven leading creditor nations in 1930 exceeded two billion dollars,[18] an amount which could be paid only so long as the debtors could maintain an export surplus of goods, services, gold, or securities.

PROPOSALS FOR RESTORING ECONOMIC STABILITY

Although there is general agreement concerning the gravity of the present crisis and the need for aggressive action, there is by no means unanimity of opinion regarding the nature of such action. For purposes of analysis, it may be helpful to divide into four main categories the chief proposals which have thus far been advanced. A substantial number of economists, for instance, believe that prosperity can only be regained through the restoration of a flexible, self-adjusting economic structure such as existed prior to the World War. Others, however, claim that the time has come when we must assume greater control over the economic process: that it is necessary to coordinate the countless activities which are involved in the production and distribution of wealth in accordance with a carefully worked out plan.[20] In general, the first proposal—that of a free market—is deflationary. Debts must be adjusted to the prevailing level of prices by reducing the face value of existing contractual obligations. The second proposal—that of economic planning—on the other hand implies, among other things, control over currency for the purpose of expanding purchasing power and stabilizing prices at a higher level. Furthermore, either of these policies can be taken as the basis for national action, or either of them can be applied on an international scale. Thus we have four distinct approaches to the basic problem which for convenience of identification we might designate as follows: (1) national deflation; (2) national inflation; (3) restoration of the world market; (4) international inflation.

NATIONAL DEFLATION

Until recently, practically every country in the world has sought to remedy the dislocation resulting from the depression by national deflationary measures. National and local governments have attempted to lessen the gap between revenues and expenditures by increased taxation and drastic economies. Tariffs and other trade restrictions have been imposed or increased in an effort to protect the domestic markets and prevent an unfavorable balance of payments. Governmental economies have been paralleled by similar action on the part of private enterprises. Drastic savings have been effected through the reduction of wages and elimination of all except essential activities. Production has been severely curtailed, and prices lowered in an effort to increase consumption.

The failure of this program is attested by the constant deepening of the crisis. Each "economy" has served to destroy or diminish purchasing power and has consequently intensified the general deflationary process. The steady lowering of prices and wages has increased the real burden of debts, and has made the orderly adjustment of outstanding obligations more difficult. Restriction of production has brought a reduction in living standards throughout the world and contributed to the general decrease of purchasing power. Most serious of all, each step in this program has served to intensify national economic rivalries and has strengthened the hands of those seeking the development of a self-contained national economy.

NATIONAL INFLATION

Although the second proposal, national inflation, has been urged since the first stages of the depression,[21] no important country has deliberately undertaken such a policy until very recently.[22] The first definite steps in this direction were taken by Sweden in the budget introduced into the Riksdag on January 11, 1933. Acting on the theory that the trade depression had reached a point where the creation of fresh purchasing power by state

15. Kral, "International Trade in 1932," cited.
16. Cf. *Draft Annotated Agenda*, cited.
17. For more detailed discussion of the transfer problem, cf. Maxwell S. Stewart, "American Commercial Policy and the World Crisis," *Foreign Policy Reports*, Vol. VIII, No. 6, May 25, 1932.
18. League of Nations, *Balance of Payments, 1930*.
20. Cf., for example, George Soule, *A Planned Society* (New York, Macmillan, 1932); for complete bibliography, cf. "Pacific Affairs" (Honolulu), April-May, 1933.

21. Cf. *Report of the Committee (Macmillan) on Finance and Industry* (London, H. M. Stationery Office, 1931), Cmd. 3897, p. 240; also Commander Frederic Bennett, *The Depression 1929 to ?* (New York, The American Metal Market, 1931); and R. G. Hawtrey, *Trade Depression and the Way Out* (London, Longmans, Green, 1931).
22. Great Britain's suspension of gold payments on September 21, 1931 was not inflationary as there has been no expansion of currency or credit. Japan's action in December of the same year, on the other hand, seems to have been at least moderately inflationary. (Cf. T. A. Bisson, "The Rise of Fascism in Japan," *Foreign Policy Reports*, Vol. VIII, No. 17, October 26, 1932.) For further details regarding the effect of these measures, cf. *Economic Notes on Japan*, Department of Commerce, Far Eastern Series, No. 129.

action was necessary to break the deflationary cycle, the government proposed to borrow approximately 240,000,000 kronor (about $64,320,000 at par) to finance an extensive public works program.[23] A similar proposal made in England by J. M. Keynes gained the support of a number of eminent economists, but so far has not been adopted by the British government.[24] In announcing an embargo on gold exports on April 19, 1933 and the subsequent passage of a bill which gives the President the power to take definite inflationary steps,[25] the United States indicated its abandonment of its previous deflationary policies.[26] This move was confirmed on May 17 by the introduction into Congress of an Administration bill authorizing the expenditure of $3,300,000,000 for a federal public works program to be financed by bond issues.[27]

Economists differ widely regarding the possibility of correcting the fundamental maladjustments in the economic structure by national inflationary action. Some authorities see domestic recovery as a prerequisite to the revival of world trade, pointing to the small proportion of American products which are sold abroad as an indication of the necessity for concentrating on internal measures.[27a] Others question whether such action would not inevitably conflict with the attempts which are being made to restore the international economic structure. There is grave question whether such a project would not in effect necessitate the development of a national economy which would be virtually insulated against all world influences. It is doubtful, for example, whether any government could finance a substantial program of public works without resorting to direct or indirect monetary inflation which would require the suspension of gold payments—a measure which must of necessity prove a serious deterrent to foreign trade.[28] Under such conditions, long-term international lending becomes virtually impossible, and repayment of existing foreign obligations is rendered highly problematical. In view of these facts, many observers feel that an inflationary program for economic rehabilitation which emphasizes purely domestic measures could only be achieved if a nation were practically self-sufficient.[29]

Whether self-containment is desirable or possible remains a matter of dispute. A few well-known writers defend this extreme course on theoretical grounds,[30] but the majority reject it as wholly impracticable,[31] arguing that a further decline in American foreign trade would bring additional hardship to millions of persons who are engaged in producing goods for export or in supplying the needs of those so employed.[32] It would be strange indeed if the United States, as one of the principal creditor countries, would voluntarily surrender its claims on the outside world merely because it was unwilling to make the adjustments necessary to collect its debts.[33] Yet an attempt to insist on repayment of these obligations while refusing to participate actively in a program for world economic reconstruction would unquestionably intensify existing political and economic friction, and render agreement on disarmament and kindred problems much more difficult. Consequently, most authorities assert that a purely national program is bound to fail unless it can be coordinated with international action.

INTERNATIONAL ACTION

In the field of international cooperation two paths are open which are fully as divergent as the deflationary and inflationary proposals in the realm of national action. The majority of economists who recognize the desirability of international trade assert that the fundamental condition for the return of prosperity is the restoration, as far as possible, of the self-regulating mechanism of the world market. These authorities would introduce greater flexibility into the international economic structure by removing the obstacles to the free interchange of goods and services, so that economic adjustments might once more take place through

23. The budget introduced by the government called for an increase in all forms of taxation and for drastic economies in the field of national defense and certain other non-productive governmental enterprises. The funds thus obtained are to be set aside as a sinking fund for the proposed loan, which is to be used almost exclusively for public works and direct unemployment relief. (Cf. *The Times*, London, January 12, 1933.)

24. For details, cf. *The Times* (London), March 13, 14, 15 and 16, 1933; reprinted as a pamphlet, *The Means to Prosperity* (New York, Harcourt, Brace, 1933).

25. Cf. *New York Times*, April 20, 21, May 11, and 13, 1933.

26. Cf. radio address by President Roosevelt, *New York Times*, May 8, 1933.

27. For text, cf. *New York Times*, May 18, 1933.

27a. Cf. radio speech of Assistant Secretary of State Raymond Moley, *New York Herald Tribune*, May 21, 1933; also Royal Meeker, "Tasks of World Recovery," *Current History*, June 1933.

28. For development of this point together with a discussion of the perils of inflation, cf. *Monthly Letter of the National City Bank*, February, 1933; cf. also Benjamin M. Anderson, *The Gold Standard and the Administration's General Economic Program*, Chase Economic Bulletin, Vol. VII, No. 1, May 6, 1933.

29. Proponents of this view do not desire the complete cessation of foreign trade or the abandonment of cultural and scientific intercourse among nations. They merely assert that the trend of national development should be toward greater economic independence, and that less stress should be placed on programs looking toward increasing the interdependence of nations.

30. Cf. Wallace B. Donham, *Business Looks at the Unforeseen* (New York, McGraw-Hill, 1932), p. 102-4; also Lawrence Dennis, *Is Capitalism Doomed?* (New York, Harpers, 1932), p. 159-303.

31. For a more detailed treatment of this problem, cf. M. S. Stewart, "Tariff Issues Confronting the New Administration," *Foreign Policy Reports*, Vol. IX, No. 2, March 29, 1933, p. 16-18; cf. also Ernest Minor Patterson, *America: World Leader or World Led?* (New York, Century, 1932), Chapter X; and *Draft Annotated Agenda*, cited, p. 6.

32. Cf. statement of Secretary Chapin, *New York Times*, January 19, 1933.

33. Cf. Stewart, "American Commercial Policy and the World Crisis," cited.

the normal channels of supply and demand.[34] Thus the first alternative is essentially a plan for economic disarmament.

RESTORATION OF THE WORLD MARKET

In its broad outlines, the Draft Annotated Agenda which has been drawn up by the Preparatory Commission of Experts is a program of this type. The restraints which have been placed on trade in recent years—increased tariffs, import quotas, and exchange restrictions—are in effect weapons of economic nationalism. While defensive in intention the repercussions of these measures on world trade have been catastrophic.

> "This prevailing conflict of national economies must be resolved," the Commission declares, "if a full and durable recovery is to be effected . . . Failure in this critical undertaking threatens a world-wide adoption of ideals of national economic self-sufficiency which cut unmistakably athwart the lines of economic development. Such a choice would shake the whole system of international finance to its foundations, standards of living would be lowered and the social system as we know it could hardly survive."[35]

To attack these barriers, the agenda, as prepared by the Commission, contains the following six points: (1) monetary and credit policy, (2) prices, (3) resumption of the movement of capital, (4) restrictions on international trade, (5) tariff and treaty policy, and (6) organization of production and trade. The Preparatory Commission is keenly aware of the close interrelation between the various items on the agenda. Substantial progress in any one of the fields listed obviously depends on corresponding action in each of the other fields. Nothing short of a concerted attack along the entire economic front is likely to yield effective results.[36]

Monetary and Credit Policy

This close interconnection is particularly evident in the field of monetary policy. Little progress can be expected with respect to general economic problems until exchange stability has been restored, while this action in turn is dependent on a number of non-monetary factors.[37] In the absence of agreement on any other international standard, the Preparatory Commission recommends a return to gold, but it recognizes that this cannot be accomplished until certain conditions have been fulfilled.[38] In the first place, the Commission declares, "the solution of the major outstanding political problems would contribute to that restoration of confidence without which great hesitation will be felt in taking decisions to return to the gold standard." In addition, a number of specific economic measures will have to be taken before nations with depleted reserves can safely resume gold payments. These include: (1) The settlement of intergovernmental debts on a basis which will permit payment without necessitating large shipments of gold; (2) a return to a reasonable degree of freedom in the movement of goods and services so that debtors may be provided with the means for discharging their obligations without impairing their monetary reserves; and (3) restoration of freedom in the foreign exchange markets and in the movement of capital so as to permit gold to flow in accordance with normal economic demands.

Even these adjustments will not suffice, however, unless they are supplemented by specific measures within each country, designed to achieve the internal equilibrium that is essential to the functioning of the gold standard. For example, governmental budgets—both national and local—must be balanced, currency inflation must be avoided, and greater flexibility restored within each national economy. Creditor countries now on the gold standard should seek to reduce interest rates by conversions of state loans and as far as possible, maintain an open-market policy designed to provide a plentiful supply of credit. They should also permit the greatest amount of freedom in outward capital movements and allow gold to move freely.[39]

It is important to note, moreover, that the restoration of the gold standard can only be accomplished if certain reforms are achieved which will assure the smooth functioning of the standard under modern conditions. In general, the specific recommendations of the Commission of Experts closely parallel those issued by the Gold Delegation in 1932.[40] Various means of "economizing gold" so as to make the existing world supply adequate to the demands upon it are suggested. These include, for example, reduction of the legal minimum of gold backing of currency from the customary 33 or 40 per cent to a substantially lower figure, and the extension of the use of checks, drafts and other means of payment which do not bear directly on the gold reserve. No definite proposal is made in regard to the means of effecting a redistribution of the world's gold supply which has become concentrated in five creditor countries,[41] but it is suggested that it might be possible, by international credit operations, to antici-

34. Cf. *The Course and Phases of the World Economic Depression* (Geneva, League of Nations, 1931), p. 262-73; also *World Economic Survey* (Geneva, League of Nations, 1932), p. 30-46, 276-83, 286-91; and speech of Secretary of State Cordell Hull before the American section of the International Chamber of Commerce, May 2, 1933. (*New York Herald Tribune*, May 3, 1933.)
35. Cf. *Draft Annotated Agenda*, cited, p. 6.
36. *Ibid.*, p. 7.
37. Cf. League of Nations, *Report of the Gold Delegation of the Financial Committee* (Geneva, 1932), C.502.M.243.1932.II.A., p. 16-25.
38. *Draft Annotated Agenda*, cited, p. 12-13
39. *Ibid.*, p. 14.
40. Cf. *Report of the Gold Delegation of the Financial Committee*, cited.
41. Nearly 80 per cent of the world's gold supply is held by the United States, France, Great Britain, Switzerland and Holland.

pate the process of building up gold reserves in countries where the reserve is now deficient.[42] The maintenance of sound monetary conditions, finally, may be greatly facilitated by the establishment of closer cooperation between the various Central Banks, and between the Central Banks and the Bank for International Settlements.

The entire monetary problem has been seriously complicated by the suspension of the gold standard by the United States.[43] While interpretations of this move have varied both in this country and abroad, there can be little question but that the technical difficulties of a currency agreement have been materially increased. For a period of some months, at least, it is likely that speculation and violent fluctuation of the exchanges will prevent the fixing of definite ratios between the dollar and foreign currencies. This is particularly true as long as the present uncertainty persists regarding the future course of American monetary policy. The technical problems have been considerably intensified, moreover, by increased political friction. Despite Secretary Hull's explicit declaration to the contrary,[44] there has been widespread feeling that the action of the United States was a deliberate step to increase this country's bargaining power at the economic conference.[45] The refusal of the United States to maintain gold payments on its obligations to foreign nationals has also created a certain amount of bad feeling abroad, although the United States stood to lose far more than it gained by this move.[46] Consequently, in view of the disproportionate amount of gold held by the United States[47] and the fact that its basic price structure has not yet adjusted to the recent changes in the value of the dollar, many authorities feel that stabilization of currencies can only be effected at ratios which would be reasonably close to those prevailing prior to April 19.[48] Whether the United States would agree to such a settlement in view of the widespread impression that a depreciated currency is an aid to exports, is an open question.[49] In case of failure to re-establish the gold standard, it may be possible to secure an arrangement for *de facto* monetary stabilization through the cooperation of national exchange equalization funds similar to that now possessed by Great Britain.[50] Such cooperation would be dependent, however, on at least tentative agreement regarding the proper ratio between the various national currencies.

Silver

Little prospect is held out in the conference agenda for the remonetization of silver. Although bimetallism is theoretically possible if international agreement can be reached regarding the ratio between silver and gold, the Preparatory Commission sees little prospect of such unanimity owing to the opposition of France and other non-silver-producing countries. Similarly, if no form of bimetallism proves acceptable, it would be impractical for Central Banks to include substantial quantities of silver in their reserve, since there would be no fixed price at which it could be received in settlement of international balances. There would remain, however, the possibility that various governments might withdraw small banknotes and replace them by subsidiary coins, although this action would have a relatively slight effect. The Commission also recommends a study of the possibility of regulating the sale of silver by producers and currency authorities so as to avoid an undue disturbance of the market.[51] In addition to these steps, silver-producing nations will doubtless urge that the white metal be included in any plan for the stabilization of international currencies.[52]

Prices

One of the principal problems confronting the conference is that of raising the international price level. While considerable disagreement exists as to whether the catastrophic decline in prices during the past four years is the cause or effect of the other problems on the conference agenda, it is clear that recovery cannot be achieved until at least a moderate increase in the prices of basic commodities has taken place.[53]

On the question of prices, as on the majority of issues, the Commission of Experts has taken a conservative position. No definite suggestions are made, but it is significant

42. *Draft Annotated Agenda,* cited, p. 16-17.
43. Cf. statement of H. Parker Willis, banking authority, before the New York Sales Executive Club: "I believe that our action in going off the gold standard at the opening of the international negotiations has constituted the greatest obstacle to success in these negotiations." (*New York Times,* May 10, 1933.) Cf. also statement by Viscount Snowden (*ibid.,* May 12, 1933); and article by H. L. Matthews (*ibid.,* May 30, 1933).
44. Department of State, *Press Releases,* April 22, 1933.
45. Cf. *New York Times,* April 20, 21 and 24, 1933; *New York Herald Tribune,* April 20 and 24, 1933; and *The Economist,* April 22, 1933.
46. For details concerning this action, cf. *New York Times,* May 2, 1933; cf. also criticism in *The Morning Post* (London), and *The Financial Times* (London), May 2, 1933; letter of F. H. Hamilton, *The Times* (London), May 6, 1933; and *The Economist,* May 13, 1933.
47. The monetary gold stock of the United States on April 5, 1933 was $4,283,000,000 (*Federal Reserve Bulletin,* April 1933, p. 215).
48. At the close of the exchange on April 17, sterling was quoted at $3.46¾, and the various gold currencies were quoted at figures that were only slightly above the gold export points. On June 1 sterling was quoted at $3.99⅛, while the dollar had depreciated approximately 16 per cent in terms of the franc and other gold currencies.
49. Cf. Walter Lippmann, *New York Herald Tribune,* May 10, 1933.
50. For details regarding the operation of the British Exchange Equalization Fund, cf. *The Economist, Banking Supplement,* May 13, 1933; cf. also proposal by M. Rist, *New York Times,* May 23, 1933.
51. *Ibid.,* p. 18.
52. *New York Times,* May 20, 1933.
53. Cf. Roosevelt-MacDonald and Roosevelt-Herriot statements, cited; also Imperial Economic Conference at Ottawa, 1932, *Summary of Proceedings and Copies of Trade Agreements* (London, H. M. Stationery Office, 1932), Cmd. 4174, p. 11-12.

that inflationary measures are given scant consideration, since they would be clearly inconsistent with the remainder of the program. Equilibrium between costs and prices can be restored, in theory at least, either by reducing costs or by raising prices. Reduction in costs has already been effected to a considerable extent through the normal working of the deflationary process, but the Commission declares that the extent to which these changes have served to correct previous basic maladjustments between different categories of wages and prices is an open question.[54] There remains, in addition, the extreme difficulty of scaling down the existing burden of indebtedness, a process which creates many grave problems.

On the other hand, if inflationary measures are ruled out, it is difficult to assure a rise in prices. With certain commodities this end might be accomplished by an international agreement for the limitation of supply. This method, however, is clearly incapable of universal application, and is held by some authorities to be dangerous even as an experiment, because of unforeseen repercussions on other portions of the economic structure.[55] Certain financial measures hold more promise. In countries with a free gold standard and large monetary reserves, the Commission recommends the pursuit of a credit policy which would assure low interest rates. While such policies have proved relatively ineffective to date, owing to the lack of demand on the part of business interests for the credit which has been made available, the Commission expects an increase in effective demand on the restoration of international confidence. It consequently opposes large-scale governmental expenditures for public works, on the ground that such expenditures tend to undermine government credit. Finally, the Commission stresses the necessity for a resumption of international lending in order to place purchasing power at the disposal of countries with a limited supply of domestic capital.

Resumption of the Movements of Capital

Thus, according to the Commission, both monetary stabilization and the raising of prices depend, in the last analysis, on removal of the obstacles which have hitherto prevented the revival of foreign lending. Apart from instability of exchanges, which would be automatically removed by the reestablishment of the international gold standard, the leading obstacles to the resumption of lending are the control of foreign exchanges and the existing burden of debts. In most cases, the nations which have adopted restrictions on foreign exchange have done so as a conscious alternative to abandonment of the stability of their currency. A few countries, however, have resorted to exchange restriction for the purpose of improving their balance of payments through curtailment of imports. In view of the failure of these measures to yield the desired effect, the Commission of Experts suggests that it would be both possible and desirable for some states to remove exchange restrictions voluntarily without waiting for international agreement.[56]

The Commission recognizes, however, that for many nations such action would be impracticable on account of the threat that short-term deposits might be suddenly withdrawn, or because of the impossibility of meeting full service charges on long-term debts.[57] In the latter case, the experts declare that there must be a readjustment of debts between the parties concerned although, in view of the desirability of maintaining confidence in the integrity of obligations, it is necessary that such adjustments be made only where payment is obviously impossible.[58]

While the re-establishment of international financing can best be effected through normal credit channels, the Preparatory Commission suggests that the creation of a special credit institution might hasten this action during the present abnormal period. Three definite proposals are made: (1) the establishment of a Monetary Normalization Fund to assist in the stabilization of exchanges; (2) the creation of an International Credit Institute to extend aid to debtor countries; and (3) a program of public works to be financed on an international scale. The Commission is inclined to be doubtful regarding an international public works program, however, on the ground that various governments have already more financial obligations than they are able to bear.

Restrictions on International Trade

Since ultimately international loans must be repaid principally in the form of goods, it is obvious that there can neither be a substantial resumption in lending nor, as has been previously indicated, a return to the gold standard until there is definite prospect that existing trade barriers will be removed. The chief problem with regard to trade restrictions grows out of the fact that, almost without exception, they are defensive in origin. The virtual stoppage of the international movement of capital and the large reduction in invisible exports have forced many

54. *Draft Annotated Agenda,* cited, p. 19.
55. Cf. Keynes, *The Means to Prosperity,* cited, p. 19.

56. There is also the possibility of an adjustment of exchange restrictions by bilateral agreement. (Cf., for example, the British-Argentine Trade Agreement, *Argentina No. 1 (1933), Convention between the Government of the United Kingdom and the Government of the Argentine Republic relating to Trade and Commerce* (London, H. M. Stationery Office, 1933), Cmd. 4310.
57. Germany, Austria, or Hungary, for instance, could not hope to meet all of their obligations under existing conditions.
58. *Draft Annotated Agenda,* cited, p. 21.

states, particularly those which were heavily in debt, to restrict their imports, even at the cost of a marked slowing-down in domestic economic activity. Similarly, in certain of the creditor countries, the fall in the price of agricultural products has led to the imposition of drastic quota restrictions as a protection to domestic producers. Experience has shown that there is little likelihood that these restrictions can be removed until the conditions which led to their adoption have been changed. While the failure of previous efforts,[59] initiated under relatively favorable circumstances, is far from reassuring, the Preparatory Commission asserts that the gravity of the present situation may force nations to realize the necessity of action if the steady reduction in trade is to be stemmed. The fact that the present conference is seeking to deal with the economic problem in its entirety, instead of merely one phase of it, is also encouraging.

Tariff and Treaty Policy

The final step in the program for economic disarmament relates to tariff reduction. The self-regulating adjustments of the world economic system are only possible if creditor countries frame their economic policies in such a way as to allow their debtors to meet obligations through the export of goods and services.[61] Many authorities believe that the failure of the United States and other creditors to accommodate themselves to the changes in their creditor position during the post-war period is primarily responsible for the present world crisis.[62] Under the circumstances, it is not only evident that tariffs must be reduced, but that creditor countries must make more drastic reductions than are imposed on the debtors.[63] The task, however, is fraught with grave difficulties. Few nations will be willing to lower existing duties during a period of economic stagnation unless they have concrete assurance of permanent improvement in the financial and economic situation. Moreover, precipitate action might lead to serious dislocation. Any significant adjustment in prevailing duties would have to be effected in successive stages and should, if possible, be simultaneous.

It is generally understood that the first step will probably be the conclusion of a "customs truce," pending the formulation of a definite agreement for tariff reduction. This may be merely a prolongation of the truce signed on May 12 at London between eight of the principal powers,[64] or it may be somewhat more rigid in character. Whether such an agreement can be reached at the conference itself is not, however, of extreme importance for, as the Preparatory Commission points out, a truce would do more harm than good if it resulted in a stabilization of duties at the present level. The essential problem is to secure agreement for the universal lowering of the present barriers. Considerable difficulty will probably be incurred because the various nations are unlikely to agree regarding the standard on which reduction shall be based. Two ways are open: reduction by specified percentages;[65] and reduction to a uniform level. As neither of these methods is expected to command general support, the Commission recommends that the conference study the possibility of combining the two systems. No rigid formula is likely to be entirely satisfactory, however, in all of its details, and a considerable amount of latitude may consequently be necessary in the application of any method that may be decided on.

Four means of effecting tariff reduction are suggested: (1) by general agreement at the conference; (2) by a collective agreement of a group of governments; (3) by bilateral negotiations; and (4) by unilateral action on the part of individual governments. Without seeking to discourage individual or joint action, the Preparatory Commission holds that no serious progress can be made unless the various nations have the assurance that at least a majority of the great powers will take definite steps to reduce the existing obstructions to trade. Such assurance, moreover, can only be provided through one or more international agreements. If, however, the conference fails to achieve the ideal of a general multilateral treaty to which all states would be parties, there remains the possibility of concluding collective agreements which would be open to all of the others. Such pacts might either specify the reduction of tariffs which would be made, or lay down the general principles to be followed in bilateral negotiations.

59. For details, cf. Harvey J. Bressler, "Trade Barriers and the League of Nations," *Foreign Policy Reports*, Vol. VII, No. 11, August 5, 1931, p. 207-210.

61. *Ibid.*, p. 27.

62. Cf. Stewart, "American Commercial Policy and the World Crisis," cited.

63. Cf. Stewart, "Tariff Issues Confronting the New Administration," cited, p. 21, 23.

64. An attempt was made by the United States to secure agreement to a tariff truce prior to the meeting of the organizing committee of the conference on April 29, but the suggestion met with opposition on the part of Great Britain, France and certain other European nations. On May 2, however, the French government announced its acceptance of the proposal, on condition that it would be free to impose surtaxes on existing duties as a protection against further depreciation of the dollar. Finally, Great Britain accepted a modified formula on May 9, permitting the completion of negotiations which had already been started. The agreement, as signed on May 12 at London, commits each of the eight signatories not to intensify "measures of all kinds which at the present time misdirect and paralyze international trade," and not to "adopt any new initiative which might increase the many varieties of difficulties now arresting international commerce." At the request of Great Britain, a reservation was added which provides that nothing in the resolution shall conflict with that part of the draft agenda in which the experts declared that a rise in prices might be obtained through a regulation of exports, as in the case of wheat. (For the text, cf. *New York Times*, May 13, 1933.)

65. Cf. proposal of Cordell Hull for a general 10 per cent reduction in world tariffs, *New York Times*, December 4, 1932.

CAN ECONOMIC DISARMAMENT BE ACHIEVED?

Thus the conference agenda is pre-eminently concerned with the restoration of the self-stabilizing mechanism of the pre-war economic structure. It rests on the assumption that the only sound means of raising and stabilizing prices lies in the revival of "confidence," and in reliance on the normal adjustments imposed by competition. To this end, somewhat drastic steps are necessary both in the financial and the economic field. The gold standard must be re-established under conditions which will provide a guarantee against recurrence of the recent debacle. These involve not only the reform of present monetary systems and the abolition of exchange restrictions, but also substantial progress toward the reduction of tariffs and the removal of other obstructions to the free movement of goods and capital. It is only when this task has been achieved that the world may look for a resumption of international lending which alone can lay the basis for a return to normal business activities.

Except for convinced nationalists,[66] few economists question the general desirability of carrying through such a program. Many authorities express grave doubt, however, regarding its feasibility. In the first place, the practical obstacles are tremendous. The mere outline of the program is sufficient to indicate the extreme complexity of the undertaking. Piecemeal measures are of little avail; concerted action in both the monetary and the economic field is necessary before progress can be made in either.[67] Therefore, the serious technical problems which have been created by the suspension of the gold standard in the United States have led some experts to fear that the entire program will fail;[68] while experts in the field of tariffs and trade restrictions fear that the obstacles in their sphere are so great as to prevent the conference from reaching a satisfactory agreement on any phase of the problem. In addition, there remains the problem of the war debts,[69] which the Preparatory Commission declares must be settled before substantial progress can be made toward economic and financial reconstruction.[70] Moreover, in the actual negotiation of these questions, political considerations are frequently of more importance than economic ones.[71] The uncertainties which have developed in Central Europe and the Far East, and the difficulties confronted at the Disarmament Conference, have served to make agreement on economic questions much more difficult. To a large extent, the growth of trade barriers during the past few years has been merely a superficial manifestation of the rise of nationalism throughout the world.[72]

Second, many critics see inevitable failure in the fact that the program for economic disarmament is essentially an attempt to reverse the whole trend of economic development during the past half century. Tariffs and exchange restrictions are but one aspect of the universal efforts of economic groups to protect themselves against the uncertainties of free competition. This same force, which has prompted the creation of monopolies and combinations within the state, has led workers to band together in labor unions, and has resulted in the development of a vast framework of social legislation for the purpose of protecting individuals against the ruthless forces of supply and demand. To restore the world market with its self-regulating and automatic adjustments[73] implies, therefore, not only re-establishment of an international monetary system and levelling of trade barriers, but checking the tendency toward large-scale financial and business units and reversal of the trend toward the establishment of social services.[74]

In the third place, even assuming that it could be accomplished, there is serious doubt whether greater freedom of international trade is a sufficient remedy for the world crisis. Certain members of the Preparatory Commission are convinced that concerted governmental action in selected fields of production and trade is necessary to correct the profound economic disorganization which has resulted from the depression.[75] Moreover, other observers declare that the program would be deflationary in effect and that it would do little to restore the lost purchasing power of the unemployed millions throughout the world.[76] This deficiency of purchasing power, they maintain, can only be remedied by an international inflationary movement which would reach the debtor as well as the creditor countries.

ESTABLISHING INTERNATIONAL ECONOMIC CONTROLS

These critics point out, moreover, that failure to restore the automatic adjustments of the world market does not necessarily involve reversion to a system of self-contained na-

66. Such writers as Donham and Dennis, previously cited, emphatically oppose any program which would leave the United States at the mercy of fluctuations in world prices. Cf. p. 73.
67. *Draft Annotated Agenda*, cited, p. 7.
68. Cf. p. 75.
69. Secretary Hull announced on May 9 that negotiations regarding the war debts would be held simultaneously with the Conference, but not in connection with it. (*New York Times*, May 10, 1933.)
70. *Draft Annotated Agenda*, cited, p. 7; cf. also, *The Economist*, May 13, 1933.
71. Cf. Sir Walter Layton, "The Task of the World Economic Conference," *Foreign Affairs*, April 1933, p. 407.
72. Cf. Salter, *Recovery: The Second Effort*, cited, p. 257-273.
73. Cf. *ibid.*, p. 13-19.
74. Cf. John Strachey, *The Coming Struggle for Power* (New York, Covici-Friede, 1933), p. 131-51.
75. *Draft Annotated Agenda*, cited, p. 31.
76. Cf. Keyes, *The Means to Prosperity*, cited, p. 27.

tional states. Instead, they claim to detect an ill-defined but unmistakable trend toward the development of new methods for regulating the international economic mechanism to eliminate the violent upheavals which are the characteristic results of unrestricted competition. Heretofore, economic combinations, price-fixing and the other rigid features of national economy have extended only to a very limited extent into the international sphere. Attempts have been made by the producers of aluminum, copper, oil and sugar to secure international agreement for the regulation of production,[77] but these efforts have been successful only where the output has been controlled by a relatively small number of interests. With a view to developing and strengthening this process, several members of the Preparatory Commission suggest that the London conference study the desirability of government aid in regulating the production and distribution of such commodities as wheat, timber and coal.[78] They also suggest that the question of transport be examined in an endeavor to ascertain whether it would not be possible to conclude an international agreement with regard to sea, land and river transportation which would be mutually beneficial.[79]

A striking confirmation of the trend toward international control of production and trade may be found in the discussion of the League of Nations wheat committee at Geneva. Press reports indicate that the four leading wheat-exporting countries—Argentina, Australia, Canada and the United States—are in general accord regarding a plan for the reduction of wheat acreage which is to be presented to the London conference for consideration.[80] A similar trend is evident in the recent trade agreements which Great Britain has concluded with Germany, Argentina and the Scandinavian countries.[81] Following the example set in the Ottawa pacts,[82] these treaties provide for limiting certain imports into the United Kingdom in accordance with specified quotas, in the hope of thereby maintaining prices at a profitable level. Provision is also made in the Argentine treaty for control and distribution of the foreign exchange obtained through the sale of Argentine products in the United Kingdom in such a manner as to assure full payment for British exports to the South American republic. These developments have not, however, met with the full approval of many orthodox economists who fear that such attempts to interfere with the normal adjustments of production and trade are bound to result in disaster.[83] It is contended that all efforts to regulate international prices through restriction of supply tend to pass the effects of the eliminated competition on to the economic system as a whole, and that the uncontrolled elements in the system are therefore made to suffer even greater dislocation.[84]

International Inflation

Regulation of production, moreover, while possibly necessary in order to establish balance in the economic structure, does not restore the lost purchasing power of the unemployed. It does not even furnish a means whereby the general level of prices can be raised. This, some economists maintain, can only be achieved through an international inflationary program which will create the needed purchasing power and relieve the pressure upon the debtor nations. Most noteworthy among such proposals is that of J. M. Keynes, noted British economist.[85] Mr. Keynes suggests that an international authority be established for the issue of $5,000,000,000 worth of gold-notes which would be distributed, at a nominal charge, among participating governments in accordance with a pre-determined formula.[86] The notes would be secured by the promise of all the participating governments to accept them as the equivalent of gold and by specific guarantees against default. They would not enter into general circulation, but would be held by Treasuries or Central Banks as a reserve against a possible increase in currency or credit which could, according to existing practices, be several times as great as the value of the certificates. A check would be provided against too sharp a rise in prices by a provision directing the governing board to modify the size of the note-issue or vary the interest charge to the respective governments in such a manner as to stabilize prices at a designated level.[87]

This proposal has a number of obvious merits. If carried out, it would lessen the pressure on foreign exchanges so as to permit the stabilization of currencies; it would insure a reasonable rise in commodity prices; and it would automatically solve, temporarily at least, the problem of international

77. For general consideration of some of these attempts, cf. Wallace and Edminster, *International Control of Raw Materials* (Washington, Brookings Institution, 1930); also Walter Lippmann and W. O. Scroggs, *The United States in World Affairs* (New York, Harpers, 1932), p. 69-103.

78. *Draft Annotated Agenda*, cited, p. 32-3.

79. *Ibid.*

80. Cf. *New York Times*, May 11, 12, 13 and 14, 1933.

81. Cf. p. 76, footnote 56.

82. Cf. M. S. Stewart, "Results of the Ottawa Conference," *Foreign Policy Reports*, Vol. VIII, No. 21, December 21, 1932, p. 248-49.

83. Cf. *The Economist* (London), May 6, 1933.

84. Cf. *Draft Annotated Agenda*, cited, p. 32; also League of Nations, "The Course and Phases of the World Economic Depression," p. 264.

85. Cf. Keynes, *The Means to Prosperity*, cited, p. 19-34.

86. It is suggested, for example, that the certificates might be distributed to the various countries in proportion to their gold holdings in 1928, with a maximum of $450,000,000 to any one country. Mr. Keynes recognizes, however, that certain exceptions might have to be made.

87. Mr. Keynes suggests that prices might be stabilized at the 1930 level.

credit. By a provision which would limit the amount of certificates which any of the large creditor countries could obtain, the evils resulting from the concentration of gold would be mitigated. The need for tariffs and other defensive restrictions would be materially reduced. As a result of these advantages, Mr. Keynes' proposal would greatly improve the possibility of agreement at the economic conference, and would make possible the financing of a large public works program in practically all countries. Critics of the plan, however, stress the fact that it is in reality but an indirect manner of floating a huge loan for the benefit of debtor countries.[88] It is to be seriously questioned, they maintain, whether it is either possible or desirable to attempt thus to restore the over-inflated international credit structure which precipitated the 1929 collapse. In addition, they point to the extreme difficulty of securing acceptance of a scheme which places large monetary powers in the hands of an international body whose policies would at times inevitably come into conflict with the national policies of various governments and Central Banks.[89] Finally, it has been urged that the foregoing proposal does not strike at the root of the financial and monetary disequilibrium which has developed, in that it carries no assurance that creditor countries will reduce their tariffs to a degree which will permit the payment of international balances in goods and services.[90]

A similar reservoir of credit might be obtained as the result of an international agreement for the simultaneous reduction of the gold content of all national currencies.[91] While this plan has none of the specific weaknesses of the Keynes proposal, its critics maintain that it would be all but impossible to secure agreement on the new parities, and that it would react predominantly to the advantage of the countries possessing large gold stocks.[92] Another alternative would be a simultaneous program of public works in all of the leading countries financed either by government borrowing or by fiat money.[93] This plan is also opposed by conservative economists on the ground that it would wreck government credit and create profound dislocations in the economic structure.[94]

CONCLUSION

Many observers see the London conference as the supreme test of the existing political and economic order. To some, the increase in tariffs and trade restrictions, the competitive depreciation of currencies, and the other disquieting manifestations of economic nationalism are the logical outgrowth of the development of large-scale enterprise within the various states and the increasingly sharp competition between these interests for the world markets.[95] Whether these tendencies will lead to the break-up of the international economic structure and the development of a system of independent national economies depends to a large extent on the decisions reached at the present conference.[96] Similarly, definite decision will have to be taken with respect to the alternatives of economic freedom or control. Attempts to compromise between the principles of laissez faire and planning, or between isolation and internationalism must inevitably, by reason of the contradictions involved, lead to serious maladjustments if not to complete disaster.[97]

There are, however, substantial grounds for optimism. Despite the bitter conflict which appears on the surface, the true interests of the various nations are not essentially divergent.[98] Possibility of agreement exists if the leading creditor countries are willing to make the concessions and compromises necessary to restore an international equilibrium in which debtors may be enabled to meet their obligations. It is important, however, to realize that this achievement implies political as well as economic adjustments. Above all, it is essential that nations approach the conference in a spirit of conciliation, and avoid all attempts to promote their national advantage through bargaining.

88. Cf. article by R. H. Brand, *The Times* (London), April 7, 1933.

89. *Ibid.*

90. Cf. *The Economist*, March 25, 1933.

91. Cf. articles by Henry Hazlitt, *The Nation*, March 30 and April 6, 1932, May 3, 1933.

92. Cf. Keynes, *The Means to Prosperity*, cited, p. 34.

93. The Roosevelt-MacDonald and the Roosevelt-Herriot statements (cited) both emphasize the importance of capital expenditure on the part of the respective governments on a public works program. The means of financing these programs was left to the discretion of the individual governments.

94. Cf. Anderson, "The Gold Standard and the Administration's General Economic Program," cited.

95. Cf. Strachey, *The Coming Struggle for Power*, cited, p. 41-87.

96. Cf. editorial, "Economic Nationalism," *New York Herald Tribune*, May 22, 1933; also Louis Fischer, "Social Changes and the Brain Trust," *The Nation*, May 31, 1933.

97. Cf. "The Course and Phases of the World Economic Depression," cited, p. 262-73; and League of Nations, "World Economic Survey 1931-32," (Geneva, 1932), p. 43-6.

98. Cf. Layton, "The Tasks of the World Economic Conference," *Foreign Affairs*, April 1933, p. 406-7, 419.